

# Defense Acquisition Performance Assessment Project

Mark K. Bennett  
President & CEO  
BAE Systems, Inc.

August 10, 2005



# **We Understand What our Customers Want...**

*Be More Flexible*

*Turn on a Dime*

*And Be Smaller, Cheaper*



# Problems with the Defense Acquisition System

- Cost growth
- Schedule delays
- Unfulfilled requirements

**Most defense programs are successful -  
this industry builds the best products in the world**

# The Problems That We Face Are Getting Tougher

BAE SYSTEMS

- Programs becoming more complex
- Massive consolidation in the supply base
- Requirements are less stable due to less defined and varied threats
  - National defense strategy is responding to shifting environment
  - Past requirements may become obsolete
- Economic reality will put increased pressure on defense budgets

**Therefore, improvements are needed**

# Stabilize Program Funding

- Require rigorous cost realism assessments during the selection and negotiation process; make cost realism a significant factor in competitive source selection
- Select a cost basis that considers risks, including the likelihood that these risks will occur, and adds an appropriate management reserve
- Improve stability of program funding over multiple fiscal years and minimize impact of competing political priorities

- Establish realistic and achievable requirements
  - Changes and undefined requirements result in significant program shifts and impacts on cost and schedule
  - Cost-plus environment with award fees makes it hard to “just say no”
  - Limit data requirements
- Eliminate unplanned requirements changes
  - Constant shift of requirements during Systems Design & Development (SDD)
  - Redesign and re-plan during program execution
- More disciplined application of design to unit cost, technology insertion, and spiral development procedures

# Bolster the Acquisition Corps

- Consolidate the acquisition corps
  - Most past studies recommended this
  - We are buying fewer, more complex systems
  - Our valued talent should be applied more broadly
- Increase stability of leadership at all levels
- Create an independent systems engineering capability within DoD to participate in major milestone reviews

# Partner with Industry Early in the Planning Stages

- Develop and share the requirement with industry
  - Specify the problem/need vs. the technology used to solve the problem
- Share the draft acquisition plan
- Get the requirements and the draft acquisition plan out well in advance of the draft RFP



# Apply Performance-Based Contracting More Broadly

- Buy outcomes, not inputs
- Set required performance levels with appropriate rewards and penalties
- Broad application
  - Services
  - Logistics/equipment support

# Use Parallel Concept Studies Followed by Demos More Frequently

---

- “4-2-1” approach
  - Numerous contractors develop concepts
  - Downselect to 2 for demonstrations
  - Downselect to 1 for production
- Wider field of contractors and broader range of solutions can be considered
- Most capable solutions/providers prevail
- Less reliance on written proposals and more on parallel demos

# **Proposals are Like the Wizard of Oz .**

## **You Need to Look Behind the Curtain**

---

**BAE SYSTEMS**

**I've never seen a PowerPoint or proposal that  
didn't work**

# JSF Demonstration Program

BAE SYSTEMS



- 4 concept definition contracts
- 2 concept demonstration contracts
- 1 SDD contract award

# Demonstration Programs Can Be Done Quickly

**BAE SYSTEMS**



**Transformation Technology Demonstrator**  
 • 12 months  
 • M113-based design updated with Hybrid-Electric Drive and band



**Lancer**  
 • 10 months  
 • New design



**Manned Ground Vehicle Wheeled**  
 • 8 months  
 • New



**Non-Line-of-Sight Cannon**  
 • 7 months  
 • New chassis and autoloader design  
 • M777 gun



**Thunderbolt**  
 • 7 months  
 • Armored Gun System updated with Hybrid-Electric Drive, band track, 120mm gun and autoloader

- Many solutions have been successfully implemented in selected acquisitions
  - Stabilize program funding
  - Manage requirements
  - Bolster the acquisition corps
  - Partner with industry early in the planning stages
  - Apply performance-based contracting
  - Use parallel concept studies followed by demos

**Deploy broadly with consistency and rigor**